

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Greenwood	County Wexford
Audit Date 3/31/05	Opinion Date 6/16/05	Date Accountant Report Submitted to State: July 19, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter & Bishop, P.C.			
Street Address 134 W. Harris Street		City Cadillac	State MI
Accountant Signature 		ZIP 49601	Date 7/15/05

GREENWOOD TOWNSHIP, WEXFORD COUNTY

MANTON, MICHIGAN

MARCH 31, 2005

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

MARCH 31, 2005

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CERTIFIED PUBLIC ACCOUNTANTS

June 9, 2005

INDEPENDENT AUDITORS' REPORT

To the Township Board
Greenwood Township
Manton, Michigan

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greenwood Township, Manton, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the Township's Management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Greenwood Township, Manton, Michigan, as of March 31, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I, the Township has implemented a new financial reporting model as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* as of April 1, 2004.

The management's discussion and analysis on pages iii through viii and budgetary comparison information on page 18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise Greenwood Township, Manton, Michigan's basic financial statements. The individual fund financial statements, and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

GREENWOOD TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2005

Greenwood Township, a general law township located in Wexford County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Greenwood Township board's discussion and analysis of the financial results for the fiscal year ended March 31, 2005.

Financial Highlights

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$224,071. Of this amount, \$151,302 may be used to meet the township's ongoing obligations to citizens and creditors.
- ◆ At the end of the current fiscal year, unreserved fund balance for the General Fund was \$150,104 or 374.55% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements The government-wide financial statements, required by GASB 34, are new and being shown for the first time in 2005 for Greenwood Township. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include legislative, general government and administration, public safety, public works, and other functions. The township supports no business-type activities.

GREENWOOD TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2005

Fund Financial Statements

For the most part, the fund financial statements are comparable to prior years' financial statements. The primary difference is that the Account Groups (General Fixed Assets and General Long-Term Debt) are no longer reported. The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources. All of the funds of the Township are governmental funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements the governmental funds focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provides a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township's financial position over time. The Net Assets of the Township are \$224,071 at March 31, 2005, meaning the Township's assets were greater than its liabilities by this amount.

GREENWOOD TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2005

Greenwood Township
Net Assets as of March 31, 2005

	Governmental Activities
Assets	
Current Assets	\$ 153,926
Non Current Assets	
Capital Assets	\$ 99,985
Less: Accumulated Depreciation	(27,216)
Total Non Current Assets	\$ 72,769
Total Assets	\$ 226,695
Liabilities	
Current Liabilities	\$ 2,624
Net Assets	
Invested in Capital Assets	\$ 72,769
Unrestricted	151,302
Total Net Assets	\$ 224,071
Total Liabilities and Net Assets	\$ 226,695

The most significant portions of the Township's Net Assets are unrestricted net assets.

At the end of the current fiscal year, the Township is able to report positive balance in net assets for the government as a whole.

The total net assets of the Township increased by \$19,371 or 9.46% in this fiscal year, which is a good indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year began.

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED MARCH 31, 2005

Greenwood Township
Change in Net Assets
for the Fiscal Year Ended March 31, 2005

	<u>Governmental Activities</u>
<u>Revenues</u>	
Program Revenues	
Charges for Services	\$ 1,600
General Revenues	
Taxes	34,179
State Shared Revenue	39,277
Unrestricted Investment Earnings	1,516
Other	<u>246</u>
Total Revenues	\$ <u>76,818</u>
<u>Expenses</u>	
Legislative	\$ 6,196
General Government	29,544
Public Safety	13,230
Public Works	1,500
Other Functions	<u>6,977</u>
Total Expenses	\$ <u>57,477</u>
Changes in Net Assets	19,371
NET ASSETS – Beginning of Year	<u>204,700</u>
NET ASSETS – End of Year	\$ <u><u>224,071</u></u>

Governmental Activities

During the fiscal year ended March 31, 2005, the Township's net assets increased by \$19,371 or 9.46% in the governmental funds. The majority of this increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses. This is true despite the fact that GASB 34 now requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

GREENWOOD TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2005

The most significant part of the revenue for all governmental activities of Greenwood Township comes from property taxes. The Township levied operating and fire protection millages, this fiscal year. The Township levied 0.8735 mills for operating purposes and 0.9716 mills for fire protection.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation. In 2005, the amount of state shared revenue received by the Township trended downward, representing declining sales tax collections and discretionary reductions by the State in revenue sharing payments.

The Township's governmental activities expenses are dominated by general governmental expenses that total 51.43% of total expenses. The Township spent \$29,544 in fiscal year 2005 on general governmental expenses. Public Safety expenses represented the next largest expense at \$13,230 followed by other functions at \$6,977. These represent 23.03% and 12.15% respectively. Expenses for salaries, represent a large portion of the general administrative expenses at \$13,368. Depreciation expense added another \$4,141.

Financial Analysis of the Government's Funds

Governmental Activities The focus of Greenwood Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Greenwood Township's governmental funds reported combined ending fund balances of \$151,302. Approximately 99.21% of this total amount (\$150,104) constitutes unreserved fund balance. The remainder of the fund balance is reserved for prepaid expenditures.

General Fund – The General Fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund and the total fund balance was \$150,104 and \$151,302 respectively. Unreserved fund balance represents 374.55% of total general fund expenditures. All of the General Fund's functions except for other functions, ended the year with expenditures below budgeted amounts. The other functions differential is minor and was funded by available fund balance.

The fund balance of the Township's general fund increased by \$23,512 during the current fiscal year.

Fire Fund – The township did once again levy a fire millage on the 2004 tax roll. All of the fire funds functions ended the year with expenditures below budgeted amounts.

Capital Assets and Debt Administration

Capital Assets. The Township's investment in capital assets for governmental activities as of March 31, 2005 amounted to \$72,769 net of accumulated depreciation. The total net decrease in the Township's investment in capital assets for the current fiscal year was 5.38% entirely in the governmental activities.

GREENWOOD TOWNSHIP, WEXFORD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2005

Capital assets summarized below include any items purchased with a cost greater than \$250 individually. A summary of capital asset categories is illustrated below:

*Greenwood Township
Capital Assets as of March 31, 2005*

		Governmental Activities
Land and Land Improvements	\$	660
Buildings		45,425
Building Improvements		40,396
Machinery and Equipment		13,504
	\$	99,985
Less Accumulated Depreciation		(27,216)
Net Capital Assets	\$	72,769

Long-Term Debt. As of March 31, 2005, the Township had no outstanding debt

Economic Condition and Outlook

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues

A fire millage was once again levied for the 2004 tax roll. The mills to be levied for the 2005 tax roll for fire protection are expected to be similar to 2004.

These factors were considered in preparing the Township's budgets for the 2005-06 fiscal year.

Request for Information

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Greenwood Township at 8112 N. 33 Road, Manton, MI 49663.

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

STATEMENT OF NET ASSETS
MARCH 31, 2005

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
Cash	\$ 147,704
Receivables	
External Parties (Fiduciary Funds)	5,024
Prepaid Expenses	<u>1,198</u>
Total Current Assets	<u>\$ 153,926</u>
<u>CAPITAL ASSETS</u>	
Land and Land Improvements	\$ 660
Buildings	45,425
Building Improvements	40,396
Machinery and Equipment	<u>13,504</u>
	\$ 99,985
Less Accumulated Depreciation	(27,216)
Net Capital Assets	<u>\$ 72,769</u>
TOTAL ASSETS	<u><u>\$ 226,695</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>CURRENT LIABILITIES</u>	
Payroll Withholdings	\$ 537
Due to Other Governments	<u>2,087</u>
Total Current Liabilities	<u>\$ 2,624</u>
<u>NET ASSETS</u>	
Invested in Capital Assets	\$ 72,769
Unrestricted	<u>151,302</u>
TOTAL NET ASSETS	<u><u>\$ 224,071</u></u>

The accompanying notes are an integral part of the financial statements.

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2005

					NET (EXPENSE) REVENUES AND CHANGES IN NET ASSETS
FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			TOTALS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>					
Legislative	\$ 6,196	\$ 0	\$ 0	\$ 0	\$ (6,196)
General Government	29,544	1,600	0	0	(27,944)
Public Safety	13,230	0	0	0	(13,230)
Public Works	1,500	0	0	0	(1,500)
Other Functions	6,977	0	0	0	(6,977)
Total Governmental Activities	<u>\$ 57,447</u>	<u>\$ 1,600</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (55,847)</u>
<u>GENERAL REVENUES</u>					
	Taxes				\$ 34,179
	State Shared Revenue				39,277
	Unrestricted Investment Earnings				1,516
	Other				246
	Total General Revenues				<u>\$ 75,218</u>
	Change in Net Assets				\$ 19,371
	<u>NET ASSETS</u> - Beginning of Year				<u>204,700</u>
	<u>NET ASSETS</u> - End of Year				<u>\$ 224,071</u>

The accompanying notes are an integral part of the financial statements.

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET
MARCH 31, 2005

	<u>GENERAL</u> <u>FUND</u>	<u>FIRE</u> <u>FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Cash	\$ 147,704	\$ 0	\$ 147,704
Due from Other Funds	2,937	2,087	5,024
Prepaid Expenditures	1,198	0	1,198
TOTAL ASSETS	<u>\$ 151,839</u>	<u>\$ 2,087</u>	<u>\$ 153,926</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Payroll Withholdings	\$ 537	\$ 0	\$ 537
Due to Other Governments	0	2,087	2,087
Total Liabilities	<u>\$ 537</u>	<u>\$ 2,087</u>	<u>\$ 2,624</u>
<u>FUND BALANCE</u>			
Reserved for:			
Prepaid Expenditures	\$ 1,198	\$ 0	1,198
Unreserved			
Undesignated	150,104	0	150,104
Total Fund Balance	<u>\$ 151,302</u>	<u>\$ 0</u>	<u>\$ 151,302</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 151,839</u>	<u>\$ 2,087</u>	<u>\$ 153,926</u>

The accompanying notes are an integral part of the financial statements.

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
MARCH 31, 2005

Total Fund Balances for Governmental Funds	\$ 151,302
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Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Land Improvements	660	
Buildings	45,425	
Building Improvements	40,396	
Equipment, Furniture and Fixtures	13,504	
Accumulated Depreciation	(27,216)	72,769
		<hr/>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 224,071</u>
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The accompanying notes are an integral part of the financial statements.

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED MARCH 31, 2005

	GENERAL FUND	FIRE FUND	TOTALS
<u>REVENUES</u>			
Taxes	\$ 20,949	\$ 13,230	\$ 34,179
State Grants	39,277	0	39,277
Charges for Services	1,600	0	1,600
Interest and Rents	1,516	0	1,516
Other Revenues	246	0	246
Total Revenues	\$ 63,588	\$ 13,230	\$ 76,818
<u>EXPENDITURES</u>			
Legislative	\$ 6,196	\$ 0	\$ 6,196
General Government	25,403	0	25,403
Public Safety	0	13,230	13,230
Public Works	1,500	0	1,500
Other Functions	6,977	0	6,977
Total Expenditures	\$ 40,076	\$ 13,230	\$ 53,306
Excess (Deficiency) of Revenues Over Expenditures	\$ 23,512	\$ 0	\$ 23,512
<u>FUND BALANCE</u> - Beginning of Year	127,790	0	127,790
<u>FUND BALANCE</u> - End of Year	\$ 151,302	\$ 0	\$ 151,302

The accompanying notes are an integral part of the financial statements.

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
MARCH 31, 2005

Net change in Fund Balance - Total Governmental Funds	\$ 23,512
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	<u>(4,141)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 19,371</u></u>

The accompanying notes are an integral part of the financial statements.

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

FIDUCIARY FUND

STATEMENT OF FIDUCIARY NET ASSETS

MARCH 31, 2005

	<u>ASSETS</u>	<u>AGENCY</u>
<u>CURRENT ASSETS</u>		
Cash		\$ 7,633
<u>LIABILITIES</u>		
Due to Other Funds		\$ 5,024
Due to Other Governments		2,609
TOTAL LIABILITIES		\$ 7,633

The accompanying notes are an integral part of the financial statements.

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Greenwood Township is a general law township located in Wexford County which operates under the direction of an elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that there are no component units which should be included in its reporting entity.

B. Government-wide and Fund Financial Statements

During fiscal year 2005, the Township adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributions, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets are often designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be modified or removed.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Greenwood Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Fund* accounts for revenue sources that are legally restricted to expenditure for fire protection.

Additionally Greenwood Township reports the following fund types:

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

I. The Township authorized the Township Treasurer to invest funds as follows:

- a. In bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (II).

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

- c. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
 - d. In repurchase agreements consisting of instruments listed in subdivision (a).
 - e. In bankers' acceptances of United States banks.
 - f. In obligations of this state or any of its political subdivisions that at the time of purchase are rates as investment grade by not less than 1 standard rating service.
 - g. In mutual funds registered under the Investment Company Act of 1940, title I of chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share.
 - h. In obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 125.501 to 124.512.
 - i. In investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.
- II. A public corporation that invests its funds under subsection (I) shall not deposit or invest the funds in a financial institution that is not eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- III. Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investment under subsection (I).
- IV. As used in this section "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

2. *Receivables and Payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes are levied and due July 1, and become delinquent after September 14. County taxes are levied and due December 1, and become delinquent after February 14. Collections of school and county taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.

The 2004 taxable valuation of the Greenwood Township totaled \$13,595,051, on which ad valorem taxes levied consisted of 0.8735 mills for the Greenwood Township operating purposes, and 0.9716 mills for Greenwood Township fire protection. These levies raised approximately \$11,851 for operating purposes and \$13,231 for fire protection.

3. *Inventories and Prepaid Items*

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$250 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the government are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Land improvements	20
Infrastructure	20
Vehicles	10
Equipment	5-10

Greenwood Township qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Township will capitalize and depreciate infrastructure beginning April 1, 2004, in accordance with the Township's capitalization policy.

5. *Long-term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures

6. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. *Use of Estimates*

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budgeted amounts presented are as originally adopted on March 20, 2004, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The Township's deposits and investments are held separately by several of the Township's funds. At year-end, \$135,969 was covered by federal depository insurance. At year-end, the carrying amount of the Township's deposits was \$155,337, and the bank balance was \$135,969.

The carrying amount of the Township's deposits at year-end are shown below:

	GENERAL FUND	CURRENT TAX COLLECTION FUND	TOTAL
Citizens Bank			
Manton, Michigan			
Money Market Account	\$ 127,651	\$ 7,633	\$ 135,284
Chemical Bank			
Cadillac, Michigan			
Certificate of Deposit	20,053	0	20,053
	<u>\$ 147,704</u>	<u>\$ 7,633</u>	<u>\$ 155,337</u>

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

B. Receivables

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, there were no components of deferred revenue and unearned revenue reported in the governmental funds. At year end, the Township had received the County payoff of delinquent 2004 taxes.

C. Capital Assets

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, being depreciated				
Buildings	\$ 45,425	\$ 0	\$ 0	\$ 45,425
Building Improvements	40,396	0	0	40,396
Land Improvements	660	0	0	660
Machinery and equipment	13,504	0	0	13,504
Total capital assets, being depreciated	\$ 99,985	\$ 0	\$ 0	\$ 99,985
Less accumulated depreciation for:				
Buildings	\$ 1,666	\$ 908	\$ 0	\$ 2,574
Building Improvements	11,376	2,020	0	13,396
Land Improvements	165	33	0	198
Machinery and equipment	9,868	1,180	0	11,048
Total accumulated depreciation	\$ 23,075	\$ 4,141	\$ 0	\$ 27,216
Total capital assets, being depreciated, net	\$ 76,910	\$ (4,141)	\$ 0	\$ 72,769

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

 General Government \$ 4,141

Construction Commitments:

The government has no outstanding construction commitments as of March 31, 2005.

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

D. Interfund Receivables, Payables and Transfers

Individual fund interfund receivable and payable balances at March 31, 2005, were:

	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund	\$ 2,937	\$ 0
Fire Fund	2,087	0
Fiduciary Funds		
Current Tax Collection	<u>0</u>	<u>5,024</u>
	\$ <u>5,024</u>	\$ <u>5,024</u>
Amount expected to be repaid within one year:	\$ <u>5,024</u>	

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

E. Long-Term Debt

There are no long-term debts outstanding at March 31, 2005.

F. Fund Balance Reserves and Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances/retained earnings in various funds. In addition, certain portions of unreserved fund balances/retained earnings have been designated for intended future uses. These reserves and designations are detailed in the following schedule:

FUND BALANCE/NET ASSETS

Reserved

 General Fund

 Prepaid Expenditures \$ 1,198

IV. OTHER INFORMATION

A. Joint Fire District

The Township is a member of the Colfax-Greenwood Fire Department. The Fire Department is a joint venture of Colfax and Greenwood Townships created to provide fire protection for the member townships. Greenwood Township levies millage to support the Fire Department. The following

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

financial information was taken from the Fire Department's March 31, 2005 audited financial statements.

Total Assets	\$ 281,860
Investment in Fixed Assets	245,293
Fund Balance – Unreserved	33,403
Total Receipts	35,418
Total Disbursements	37,008
Net Decrease in Fund Balance	1,590

A copy of these audited financial statements may be obtained upon request from the Fire District treasurer.

B. Retirement Plan

The Township has a money purchase pension plan with Municipal Retirement Systems, Inc. which covers Township employees who have satisfied the eligibility requirements. Each employee becomes eligible for coverage on the first policy anniversary date which the employee reaches age 18. Each employee is 100% vested upon entering the plan. An employee's normal retirement date is age 65, or if age 61 or older at entry, at the completion of five years of plan participation.

The formula for determining contributions is based on an employee's annual compensation. The Township contributes 6% of annual compensation and the employees contribute 6% of annual compensation. Past service credit is calculated as 3% of current compensation for each year of past service to a maximum of 10 years.

For 2004-2005, covered wages were \$4,196 and total wages for all employees including noncovered payroll were \$13,368. Township contributions to the plan for 2004-2005 amounted to \$288 and employees contributed \$288. In addition, the Township paid a \$185 administrative fee.

C. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions insurance and workers' compensation. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED MARCH 31, 2005

	GENERAL FUND				FIRE FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>								
Taxes	\$ 18,496	\$ 18,496	\$ 20,949	\$ 2,453	\$ 14,544	\$ 14,544	\$ 13,230	\$ (1,314)
State Grants	35,819	35,819	39,277	3,458	0	0	0	0
Charges for Services	2,000	2,000	1,600	(400)	0	0	0	0
Interest and Rents	1,000	1,000	1,516	516	0	0	0	0
Other Revenues	314	314	246	(68)	0	0	0	0
Total Revenues	\$ 57,629	\$ 57,629	\$ 63,588	\$ 5,959	\$ 14,544	\$ 14,544	\$ 13,230	\$ (1,314)
<u>EXPENDITURES</u>								
Legislative	\$ 6,410	\$ 6,410	\$ 6,196	\$ 214	\$ 0	\$ 0	\$ 0	\$ 0
General Government	41,200	41,200	25,403	15,797	0	0	0	0
Public Safety	0	0	0	0	14,544	14,544	13,230	1,314
Public Works	1,500	1,500	1,500	0	0	0	0	0
Other Functions	6,900	6,900	6,977	(77)	0	0	0	0
Contingency	10,000	10,000	0	10,000	0	0	0	0
Total Expenditures	\$ 66,010	\$ 66,010	\$ 40,076	\$ 25,934	\$ 14,544	\$ 14,544	\$ 13,230	\$ 1,314
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,381)	\$ (8,381)	\$ 23,512	\$ (19,975)	\$ 0	\$ 0	\$ 0	\$ (2,628)
<u>FUND BALANCE</u> - Beginning of Year	140,718	140,718	126,729	(13,989)	0	0	0	0
<u>FUND BALANCE</u> - End of Year	\$ 132,337	\$ 132,337	\$ 150,241	\$ (33,964)	\$ 0	\$ 0	\$ 0	\$ (2,628)

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

GENERAL FUND

BALANCE SHEET
MARCH 31, 2005

ASSETS

Cash	
Commercial Account	\$ 72,614
Savings Account	55,037
Certificate of Deposit	20,053
Due from Other Funds	2,937
Prepaid Expenditures	1,198
	<hr/>
TOTAL ASSETS	\$ 151,839
	<hr/>

LIABILITIES AND BALANCE

LIABILITIES

Payroll Withholding	\$ 537
	<hr/>

FUND BALANCE

Reserved for:	
Prepaid Expenditures	\$ 1,198
Unreserved	
Undesignated	150,104
Total Fund Balance	\$ 151,302
	<hr/>

	\$ 151,839
	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	BUDGET	ACTUAL
<u>REVENUES</u>		
Taxes	\$ 18,496	\$ 20,949
State Grants	35,819	39,277
Charges for Services	2,000	1,600
Interest and Rents	1,000	1,516
Other Revenues	314	246
Total Revenues	\$ 57,629	\$ 63,588
<u>EXPENDITURES</u>		
Legislative		
Township Board	\$ 6,410	\$ 6,196
General Government		
Supervisor	3,800	3,278
Assessor	7,000	6,754
Election	2,000	1,333
Clerk	4,500	3,411
Board of Review	2,000	636
Treasurer	5,400	4,581
Building and Grounds	12,500	2,194
Cemetery	4,000	3,216
Public Works		
Highways, Streets and Bridges	1,500	1,500
Other Functions	6,900	6,977
Contingency	10,000	0
Total Expenditures	\$ 66,010	\$ 40,076
Excess of Revenues Over (Under) Expenditures	\$ (8,381)	\$ 23,512
<u>FUND BALANCE</u> - Beginning of Year	140,718	127,790
<u>FUND BALANCE</u> - End of Year	\$ 132,337	\$ 151,302

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

FIRE FUND

BALANCE SHEET
MARCH 31, 2005

ASSETS

Due from Other Funds	\$ 2,087
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LIABILITIES AND FUND BALANCE

LIABILITIES

Due to Other Governments	\$ 2,087
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<u>FUND BALANCE</u>	<u>0</u>
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TOTAL LIABILITIES AND FUND BALANCE	\$ 2,087
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GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

FIRE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED MARCH 31, 2005

REVENUES

Taxes	\$ 13,230
-------	-----------

EXPENDITURES

Public Safety	
Aid to Other Government	
Colfax-Greenwood Fire Department	<u>13,230</u>

Excess of Revenues	
Over (Under) Expenditures	\$ 0

<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>
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<u>FUND BALANCE</u> - End of Year	<u><u>0</u></u>
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GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
MARCH 31, 2005

	BALANCE			BALANCE	
	4/1/2004	ADDITIONS	DEDUCTIONS	3/31/2005	
<u>ASSETS</u>					
Cash					
Money Market Account	\$ 513	\$ 432,536	\$ 425,416	\$ 7,633	
<u>LIABILITIES</u>					
Due to Other Organizations and Individuals	\$ 0	\$ 1,069	\$ 1,069	\$ 0	
Due to Other Funds	513	35,468	30,957	5,024	
Due to Other Governments	0	395,999	393,390	2,609	
TOTAL LIABILITIES	\$ 513	\$ 432,536	\$ 425,416	\$ 7,633	

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

STATEMENT OF 2004 TAX ROLL
MARCH 31, 2005

TAXES ASSESSED

County	\$	138,142	
Township			
Operating		11,851	
Fire		13,230	
Schools			
Kingsley Area Schools		25,754	
Manton Consolidated Schools		123,619	
Mesick Consolidated Schools		10,732	
Intermediate Schools			
Wexford-Missaukee		61,111	
Traverse Bay Area		<u>10,062</u>	\$ 394,501

TAXES COLLECTED

County	\$	116,316	
Township			
Operating		9,975	
Fire		11,143	
Schools			
Kingsley Area Schools		22,118	
Manton Consolidated Schools		103,811	
Mesick Consolidated Schools		7,219	
Intermediate Schools			
Wexford-Missaukee		51,284	
Traverse Bay Area		<u>8,557</u>	330,423

GREENWOOD TOWNSHIP, WEXFORD COUNTY
MANTON, MICHIGAN

STATEMENT OF 2004 TAX ROLL
MARCH 31, 2005

TAXES RETURNED DELINQUENT

County	\$	21,826	
Township			
Operating		1,876	
Fire		2,087	
Schools			
Kingsley Area Schools		3,636	
Manton Consolidated Schools		19,808	
Mesick Consolidated Schools		3,513	
Intermediate Schools			
Wexford-Missaukee		9,827	
Traverse Bay Area		1,505	
		<hr/>	<hr/> <hr/>
			\$ 64,078

134 WEST HARRIS STREET
CADILLAC, MICHIGAN 49601
231-775-9789
FAX: 231-775-9749

M. WAYNE BEATTIE, C.P.A.
1902 - 1990

JOHN H. BISHOP, C.P.A.

ROBERT V. BEATTIE, C.P.A.

DOUGLAS P. McMULLEN, C.P.A.

JOHN F. TAYLOR, C.P.A.

STEVEN C. ARENDS, C.P.A.

SCOTT A. HUNTER, C.P.A.

JONATHAN E. DAMHOF, C.P.A.

MICHAEL D. COOL, C.P.A.

JACK H. BAIRD, C.P.A.

JERRY L. COTTER, C.P.A.

DALE D. COTTER, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 9, 2005

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Greenwood Township
Wexford County
Manton, Michigan

As a result of our audit of the basic financial statements of Greenwood Township for the year ended March 31, 2005, we would like to note the following items:

Budgeting

Pertaining to the Township's compliance with Public Acts 621 of 1978, one activity in the General Fund exceeded budgeted appropriations. The budget should be amended for any disbursements above budgeted appropriations prior to the disbursement being made.

Reconciliations of Clerk and Treasurers Ledger

We recommend that the Treasurer and Clerk reconcile their receipts and expenditures to each others records on a monthly basis. This will facilitate a constant balance of records and help strengthen internal controls.

Condition of Records

Due to the condition of the records, the 941 reports for the first three quarters of 2004, the W-2's for 2004, and the December 2004 MESC report could not be found. In addition, the clerk's ledger was not footed. It is recommended that the clerk computerize her records to facilitate organization and accuracy. We realize that there is a learning curve with both the clerk and treasurer taking over their positions mid-year. We appreciate their willingness to learn and acceptance of our suggestions and constructive criticism. To ensure a proper cut-off, and control over expenditures, we recommend that checks be used in sequential order.

Check Writing

It was determined that some checks had been written at year-end out of chronological order.

GASB 34

These financial statements are reported under the new GASB 34 accounting standard and are much different than in the past.

Some of the more significant changes required by GASB 34 are as follows:

1. Management's discussion and analysis is a new section in the financial report. This includes the administration's narrative overview of the information contained in the financial statements.
2. Several new types of financial statements are now included that reports financial information on a Township-wide basis and incorporates capital assets, a provision for depreciation on those assets as well as long-term liabilities of the Township.

We recommend the Township carefully review these statements under the new accounting standard. We are available to explain the various changes in detail if so desired.

Tax Collection Fund

The Township had two treasurers during the year. This gave rise to difficulty in the transition between the old and new treasurer. This transition should emphasize the importance of complete, accurate, up-to-date records that balance to the bank. We expect that the new treasurer maintain complete, accurate and up-to-date records.

Minute Book

While auditing the Township records, we found the official minute book to be incomplete. We recommend the minute book be kept up-to-date each month.

We would like to thank the board for its continued confidence in our firm and thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

Very truly yours,

BAIRD, COTTER AND BISHOP, P. C.

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JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

June 9, 2005

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Greenwood Township
Wexford County
Manton, Michigan

In planning and performing our audit of the financial statements of Greenwood Township, Wexford County, Manton, Michigan for the year ended March 31, 2005, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

Very truly yours,

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter & Bishop, P.C